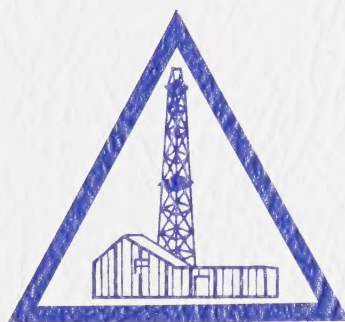


AR20

SOGEPET LIMITED



1969
ANNUAL REPORT

NORTHERN DEVELOPMENT

1969 MILESTONES

The first deep and far-off-shore well in Hudson Bay was commenced in 1969 but halted before completion because of winter ice conditions. It was drilled by the Atlantic Richfield and Aquitaine Group in the approximate centre of their permit block. Aquitaine reports upon it as follows:

“The Hudson Bay holdings of the Company have been partially tested by the Aquitaine et al Hudson Walrus A-71 well which yielded non-commercial shows of hydrocarbons, although these have not been fully evaluated”.

* * *

The dramatic and technically successful initial trials of the American ice-breaker tanker “Manhattan” and Canadian ice-breaker escorts in traversing the Arctic ice-fields, during 1969, marks a major “break-through” in Arctic bulk transportation.

* * *

The discovery of major oil deposits in the MacKenzie Delta and of significant gas shows in the eastern island archipelago provide the first factual confirmation of the heretofore theoretical “oil potential” of the Canadian Arctic.

* * *

The considerable filing activity of 1969 upon the Canadian Arctic continental shelf for oil/gas search, and the announced commitments to drill at least a score of widely separated major tests wells, will add an important new and dynamic dimension to Northern development.

* * *

SOGEPET LIMITED

Head Office
170 Bloor Street West, Suite 418
Toronto 5, Ontario, Canada

DIRECTORS

DOUGLAS A. BERLIS, Q.C.

AIR MARSHAL W. A. CURTIS

WILLIAM F. MITCHELL

JOHN J. JODREY

DR. FRANC. R. JOUBIN

JOSEPH SEDGWICK, Q.C.

OFFICERS

DR. FRANC. R. JOUBIN, *President*

AIR MARSHAL W. A. CURTIS, *Vice-President*

MRS. C. A. WOLF, *Secretary-Treasurer*

LEGAL COUNSEL

MANLEY, GRANT, ARMSTRONG & CAMISSO

TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA

AUDITORS

LAVENTHOL KREKSTEIN HORWATH & HORWATH

SOGEPET LIMITED

Directors' Report

TO THE SHAREHOLDERS OF SOGEPET LIMITED:—

The year under review, 1969, was an active one for our Company. Our exploration activities for both hydrocarbons and minerals were confined to the Hudson Bay region.

We continued to add to our holdings during the year. In June we acquired a 20% equity in a three million acre offshore block of permits in the east central part of the Bay. Banner Petroleum, the wholly owned subsidiary of Trans-Canada Pipelines Ltd., serves as Operator for this Group. In September, the Texas Gulf Sulphur Company operated Group, in which we hold a 20% equity, filed upon an additional and adjoining four million off-shore acres. Our Company's holdings in the Hudson Bay region now total 4,032,869 net acres, as set forth in the accompanying table.

Principal activity of the Aquitaine-Sogepet Group during 1969 consisted of drilling the Pen #1 exploratory ("slim hole") well, located on the Ontario coastline and centrally positioned on the group's seven million acre block of permits. No hydrocarbon shows were found, but the geological and geophysical data secured will prove very useful in the interpretation of the marine seismic survey to be conducted on this group's off-shore permits in 1970. The Pen #1 drilling rig was retained on standby for the planned drilling of the Pen #2 exploratory well early in 1970.

Principal activity of the Texas Gulf Sulphur operated Group was the completion and interpretation of an aerial magnetometer survey. Results encouraged further acreage acquisition but are not considered detailed enough for the selection of exploratory well locations.

Principal activity of the Banner operated Group was the planning and preparation for an aerial magnetometer survey to be performed early in 1970.

Only limited mineral search was undertaken during the year, with negative results.

During the month of April 1969 our Company's first public underwriting was successfully completed, and the sale of 750,000 shares realized the sum of \$1,000,000 net to the treasury. Our Company is adequately financed for all present and foreseeable work commitments through 1970 and 1971.

With regret we record the retirement of Air Marshal W. A. Curtis from our Board of Directors. He has been a most effective Director since the inception of our Company and is a pioneer of Hudson Bay oil exploration; on August 8, 1962, he, with two others acting for our Company, filed on the first oil exploration permits ever granted in Hudson Bay.

It is our pleasure to record our thanks to our several Group Operators for their able management and to R. D. Johnson, petroleum geologist, who has served as our Consultant from the start of our activities in Hudson Bay.

On Behalf of the Board of Directors,

FRANC. R. JOUBIN, President.

April 10, 1970.

SOGEPET LIMITED

AUDITORS' REPORT

To the Shareholders of
Sogepet Limited

We have examined the balance sheet of Sogepet Limited as at December 31, 1969 and the statements of deferred exploration and administrative expenditures, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1969 and its activities and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LAVENTHOL KREKSTEIN HORWATH & HORWATH,
Chartered Accountants.

February 27, 1970.

SOGEPE

(Incorporated under the laws of the State of New York)

Balance Sheet

ASSETS

	December 31, 1969	December 31, 1968
CURRENT:		
Cash	\$ 26,479	\$ 2,694
Deposit receipts	675,000	—
Other short-term investment, at cost	71,690	—
Accrued interest	19,575	—
Due from participant in joint ventures	4,998	2,559
Miscellaneous advances	300	514
	<u>798,042</u>	<u>5,767</u>
Work deposits on petroleum and natural gas exploratory permits (Note 2) .	<u>122,336</u>	<u>—</u>
CAPITAL:		
Interests in petroleum and natural gas exploratory permits, at cost (Note 1)	53,065	19,793
Well drilling and related costs, transferred to deferred exploration in 1969	—	150,071
Deferred exploration and administrative expenditures	755,029	535,162
	<u>808,094</u>	<u>705,026</u>
Less net proceeds from sale of interest in petroleum and natural gas permits	317,500	317,500
	<u>490,594</u>	<u>387,526</u>
Organization expenses	12,740	12,740
	<u>\$1,423,712</u>	<u>\$ 406,033</u>

See accompanying notes

LIMITED

(Incorporated in the Province of Ontario)

Sheet

LIABILITIES

	December 31, 1969	December 31, 1968
CURRENT:		
Accounts payable	\$ 12,198	\$ 8,832
CONTINGENT LIABILITY (Note 3)		

SHAREHOLDERS' EQUITY

CAPITAL (Note 4):		
Authorized:		
2,000,000 Shares without par value		
Issued and fully paid:		
1,411,053 Shares (1968 — 623,553 Shares)	1,451,728	414,228
DEFICIT	40,214	17,027
	<u>1,411,514</u>	<u>397,201</u>

Approved on behalf of the Board of Directors:

FRANC. R. JOUBIN, (Director).

WILLIAM F. MITCHELL, (Director).

<u>\$1,423,712</u>	<u>\$ 406,033</u>
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ing notes.

SOGEPET LIMITED

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

	Year Ended December 31,	
	1969	1968
EXPLORATION EXPENDITURES:		
Petroleum and natural gas acreage:		
Exploratory well drilling and related costs	\$ 316,966	\$ —
Geophysical surveys	115,145	787,137
	432,111	787,137
Less participants' share	358,979	668,441
	73,132	118,696
Engineering and geological services	14,125	5,675
Government fees and taxes	701	102
Telephone and telegraph	761	445
Travel and accommodation	—	356
Miscellaneous	222	—
	88,941	125,274
Mineral acreage:		
Regional investigation	—	12,511
Field salaries	2,000	16,250
Airborne geophysical survey	—	9,125
Travel	—	13,832
Camp supplies	—	5,904
Geochemical survey	12,621	—
Miscellaneous services and operator's overhead	—	14,820
	14,621	72,442
Less participant's share	10,966	55,583
	3,655	16,859
Total exploration expenditures	92,596	142,133
Add net administrative expenditures, per schedule	37	9,792
Total expenditures for the year	92,633	151,925
Balance deferred at beginning of year	535,162	383,237
	627,795	535,162
Add exploratory well drilling and related costs, previously shown as a separate item on the balance sheet (a reclassification)	150,071	—
	777,866	535,162
LESS:		
Exploration expenditures on mineral acreage abandoned	21,837	—
Administrative expenditures apportioned thereto	1,000	—
	22,837	—
Balance at end of year	\$ 755,029	\$ 535,162

See accompanying notes.

SOGEPET LIMITED

STATEMENT OF DEFICIT

	Year Ended December 31,	
	1969	1968
Balance at beginning of year	\$ 17,027	\$ 14,243
ADD:		
Cost of mineral concessions abandoned	350	—
Expenditures thereon	22,837	—
Portion of work deposits refunded, relinquished to other participants ..	—	2,784
Balance at end of year	<u>\$ 40,214</u>	<u>\$ 17,027</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year Ended December 31,	
	1969	1968
SOURCE OF FUNDS:		
Issue of capital stock	\$1,037,500	\$ 16,800
Release of work deposits	—	25,871
	<u>1,037,500</u>	<u>42,671</u>
APPLICATION OF FUNDS:		
Exploration and administrative expenditures	92,633	151,925
Acquisition of interest in petroleum and natural gas exploratory permits	33,622	1,377
Work deposits on petroleum and natural gas exploratory permits ...	122,336	—
Well drilling and related costs	—	6,575
Miscellaneous	—	2,784
	<u>248,591</u>	<u>162,661</u>
Increase (decrease) in working capital	788,909	(119,990)
Working capital (deficiency) at beginning of period	(3,065)	116,925
Working capital (deficiency) at end of period	<u>\$ 785,844</u>	<u>\$ (3,065)</u>

See accompanying notes.

SOGEPET LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENDITURES

	Year Ended December 31,	
	1969	1968
Office rent and administrative services	\$ 6,200	\$ 5,400
Office manager's salary	3,000	—
Directors' fees	675	350
Legal and audit	17,680	3,732
Annual meeting expenses	2,340	431
Printing prospectuses	5,879	—
Public relations and shareholders' information	7,634	1,623
Transfer agent's fees and expenses	4,636	222
Telephone	1,059	435
Travel	1,710	291
Government fees and taxes	1,004	277
Miscellaneous	998	167
Interest on loans	420	759
	<u>53,235</u>	<u>13,687</u>
Less interest income	53,198	3,895
	<u>\$ 37</u>	<u>\$ 9,792</u>

See accompanying notes.

SOGEPET LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. PETROLEUM AND NATURAL GAS ACREAGE:

The Company is a participant in three petroleum and natural gas exploration ventures in the Hudson Bay area covering a total of 22,734,300 acres as follows:

Exploration group affiliation	Sogepet's Percentage Interest	Gross Acreage
Aquitaine group	15%	10,203,601
Aquitaine group	19%	381,000
Texas Gulf group	20%	9,101,338
Banner Petroleums group	20%	3,048,361
		<u>22,734,300</u>

2. WORK DEPOSITS:

The \$122,336 represents the Company's share of cash deposits with government departments. These deposits are refundable to Sogepet in amounts equal to the allowable expenditures made within various stipulated time limits.

3. CONTINGENT LIABILITY:

Aquitaine Company of Canada Ltd., a participant and operator in one of the joint ventures, has satisfied certain work deposit requirements in the amount of \$61,341 by depositing its own promissory notes with the government agencies involved. These notes will be returned to Aquitaine in amounts equal to the allowable expenditures made within various stipulated time limits.

Should Aquitaine have to make any payment on these notes due to insufficient work, Sogepet would be required to contribute its share up to a maximum of \$9,509.

4. CAPITAL:

The following is an analysis of the Company's issued capital stock as at December 31, 1969:

	Shares	Amount
For cash	1,192,053	\$1,403,503
For services	69,000	40,125
In consideration for subscribing for preferred shares	150,000	7,500
	<u>1,411,053</u>	<u>\$1,451,128</u>

During the year the Company issued 787,500 shares of its capital stock for a total of \$1,037,500 cash. 30,000 of such shares were issued to directors at \$1 per share upon their exercising options granted in prior years.

A. E. Osler Company Limited has an option to purchase 7,500 shares of the Company's capital stock at \$1 per share exercisable on or before March 19, 1971

R. D. Johnson (see note 5) has been granted an employee's incentive stock option to purchase 15,000 shares of the Company's capital stock at \$2.50 per share exercisable in semi-annual instalments of 3,750 shares; each instalment is exercisable within 30 days from the first day of January and July in each of the years 1970 and 1971.

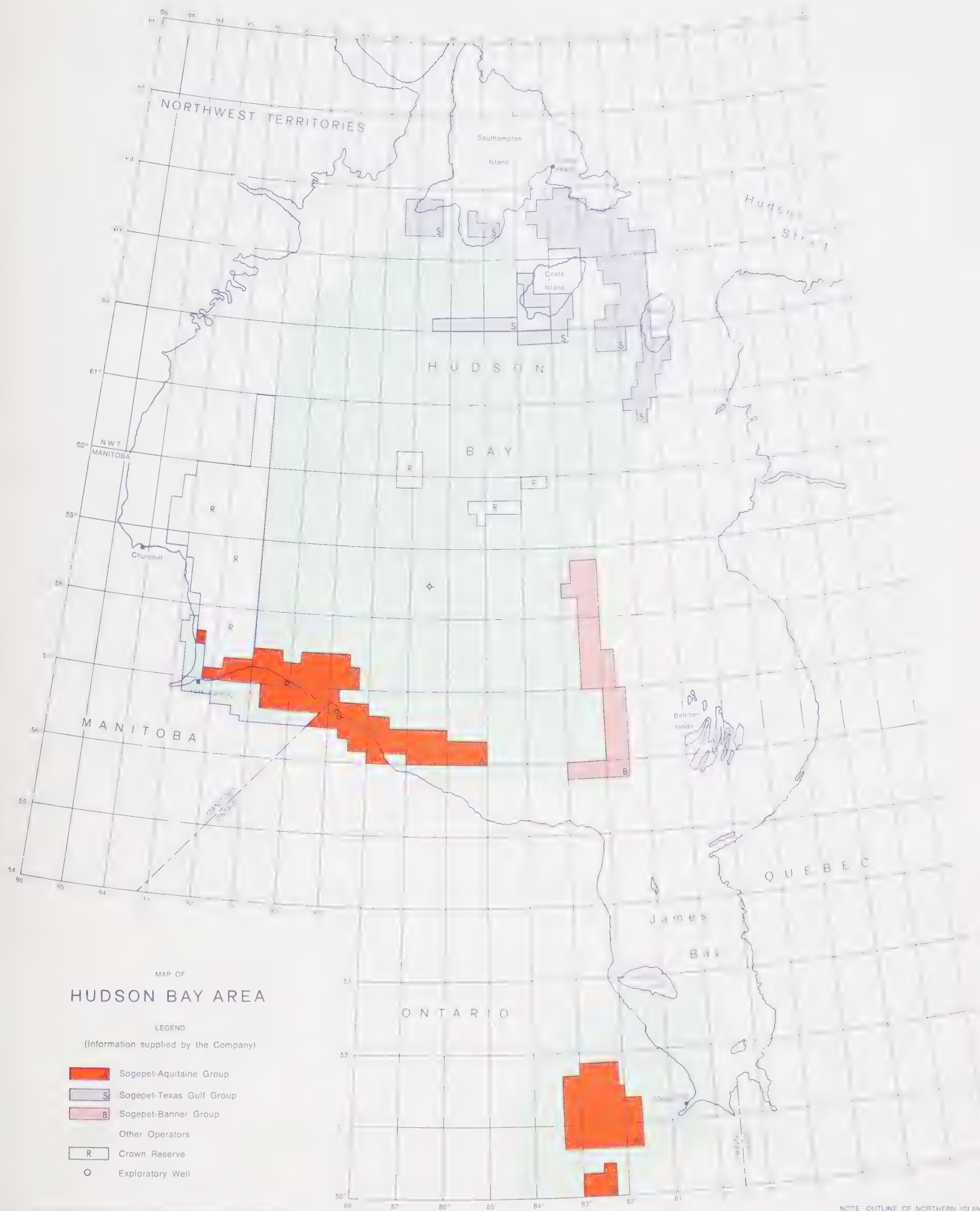
5. MANAGEMENT CONTRACT:

R. D. Johnson, Petroleum Geologist, has entered into a contract to act as the Company's Calgary Office Manager for a term of two years commencing July 1, 1969 at a monthly salary of \$500 for the first year and \$750 thereafter.

The Company also entered into a contract under which R. D. Johnson & Associates Ltd. agreed to act as the Company's professional and technical advisor and business liaison agent commencing July 1, 1969, at a monthly charge of \$1,000, for a term of two years.

ACREAGE HOLDINGS

G R O U P	Group Gross Acres	Sogepet Net Acres
Aquitaine Co. of Canada Ltd. — Operator — Sogepet Limited Camerina Oil and Gas Limited (French Petroleum) Elf Oil Exploration and Production (Canada) Limited Sun Oil Company Limited Teck Corporation Limited Western Decalta Petroleum Limited Texas Gulf Sulphur Company Bralorne Petroleums Limited Canadian Fina Oil Limited	10,584,601	1,602,930
Texas Gulf Sulphur Company — Operator — Sogepet Limited Teck Corporation Limited Canadian Homestead Oils Ltd.	9,101,338	1,820,267
Banner Petroleums Limited (Trans-Canada Pipelines) — Operator — Sogepet Limited Asamera Oil Corporation Ltd. Teck Corporation Limited	3,048,361	609,672
TOTAL ACREAGE	22,734,300	4,032,869



MAP OF HUDSON BAY AREA

LEGEND
(Information supplied by the Company)

- Sogepet-Aquitaine Group
- Sogepet-Texas Gulf Group
- Sogepet-Banner Group
- Other Operators
- R Crown Reserve
- Exploratory Well

SCALE IN MILES

NOTE: OUTLINE OF NORTHERN ISLANDS
MAY BE IN PART SLIGHTLY
INACCURATE
DEC 1969

PROSPECTUS OF SOGEPET LIMITED

(Incorporated under the laws of Ontario)

750,000 Common Shares
(without par value)

NEW ISSUE consisting of 400,000 firmly underwritten shares and 350,000 shares under option.

Underwritten Shares

	Price to Public	Underwriting Discount	Proceeds to Company*
Per Share	\$1.15	\$0.15	\$1.00
Total	\$460,000.00	\$60,000.00	\$400,000.00

*Before deducting expenses payable by the Company estimated at \$15,000.00.

Optioned Shares

Shares under Option	Price per Share to the Underwriters	Net Proceeds to the Company	Maximum Offering Price to Public
200,000	\$1.50	\$300,000.00 (1)	\$1.875
150,000	2.00	300,000.00 (1)	2.50
350,000		\$600,000.00	

- (1) There is no obligation upon the Underwriters and there is no assurance that any of the optioned shares will be purchased. All the underwritten shares must have been distributed before the maximum offering prices on the optioned shares become effective.

There is at present no market for the shares of the Company and the prices of this offering were determined by negotiations between the Company and the Underwriters.

The purpose of this issue is to provide the Company with sufficient funds to meet its share of the costs of exploration and development programs, as well as the cost of proposed acreage acquisitions, all as more particularly referred to under the caption "Use of Proceeds" on page 9.

THESE SECURITIES ARE SPECULATIVE.

Reference is made to the heading in the Prospectus captioned "Business" and "Principal Holders of Shares".

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada
366 Bay Street, Toronto, Ontario.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

We, as principals, offer these common shares subject to prior sale, if, as and when issued by the Company and accepted by us. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that definitive share certificates will be available for delivery on or about March 26, 1969.

SOGEPET - AQUITAINE GROUP

SOGEPET
AQUITAINE
FRENCH PETE
ELF (PETROPAR)
SUN
TECH
WESTERN DECALTA
TEXAS SULF SULPHUR
BRALORNE
CANADIAN PINA

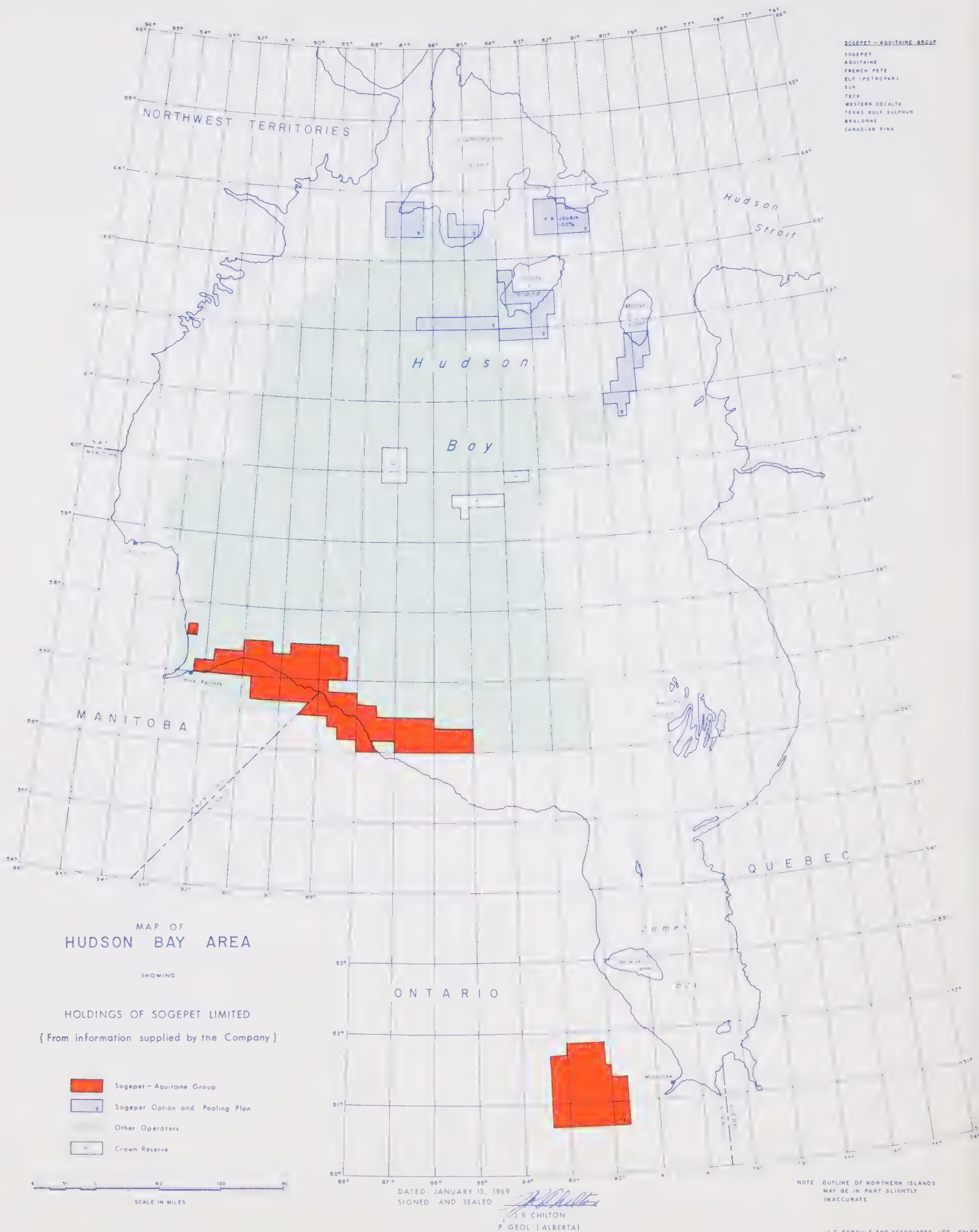


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THE COMPANY

Sogepet Limited (hereinafter referred to as the "Company") was incorporated as a private company under the laws of the Province of Ontario by letters patent dated the 16th day of August, 1962. By supplementary letters patent dated the 5th day of August, 1966, the Company was converted into a public company, and the authorized and issued capital were changed to their present form.

The head office of the Company is located at Suite 418, 170 Bloor Street West, Toronto, Ontario.

By certificate of registration No. 17230, dated the 18th day of September, 1962, issued by the Deputy Provincial Secretary for the Province of Manitoba, the Company was registered under the Companies Act (Manitoba) and a licence was granted by the Provincial Secretary of the Province of Manitoba giving the Company licence and authority to carry on business within the Province of Manitoba.

HISTORY

Since its incorporation in 1962 the Company has engaged almost exclusively in an exploratory oil and gas acreage acquisition program and in field exploration thereof, either alone or in concert with other companies. The Company now has participating interests in on-shore oil and gas permits in the Province of Manitoba, off-shore oil and gas permits in Hudson Bay, Canada, Licence of Occupation in the Province of Ontario for oil and gas, and four geophysical Reservations for minerals in the Province of Manitoba.

BUSINESS

All of the properties in which the Company holds an interest are without a proven body of commercial ore or proven reserves of oil or gas. The development program is an exploratory search therefor.

I. In the fall of 1962 the Company acquired:

(a) Thirty-two exploratory off-shore oil and gas permits in the Hudson Bay Basin, being permits Nos. W260 to W291, inclusive, issued by the Department of Northern Affairs and Natural Resources, Canada, and aggregating 1,864,690 acres, at a total cost of \$8,000.00 for permit fees and \$93,234.50 for work deposits, which was satisfied by the depositing of \$234.50 in cash and Government of Canada bonds having a face value of \$93,000.00 but a cost value of \$74,748.75. In November, 1965, certain of the exploratory permits and portions thereof were surrendered due to lack of funds and as a result of which the following permits, having an area of some 491,438 acres, were maintained in good standing, namely: — W260 to W263, W266, W267, south half W263, W269 to W272 and south half W275. The retained permits have been renewed and are in good standing.

(b) Twelve oil and gas exploratory on-shore permits, being permits Nos. 1 to 12 inclusive, in the Hudson Bay Basin, issued by the Department of Mines and Natural Resources of the Province of Manitoba, and aggregating 492,778 acres, at a cost to the Company of \$3,000.00 for permit fees and \$24,637.95 for the first eighteen months and \$73,915.70 for the second eighteen months for work deposits, which amounts were satisfied by the depositing of Government of Canada Bonds having a face value of \$25,000.00 and \$75,000.00 respectively, but a cash value of \$20,015.00 and \$58,800.00, respectively, and \$416.75 cash with respect to the second eighteen months. The permits have been renewed and are in good standing.

For the services which Franc. R. Joubin & Associates Mining Geologists Limited, 170 Bloor Street West, Toronto, Ontario, rendered to the Company in acquiring for the Company the exploratory permits referred to in sub-paragraphs (a) and (b) above, Dr. Joubin received from the Company 1,500 preference shares and 15,000 common shares in the capital of the Company. In 1962, while the Company was a private company, Steven Low, 7 York Ridge Road, Willowdale, Ontario, received 15,000 common shares of the Company and an option to purchase at par 1,500 preference shares of the Company having a par value of \$10.00 each for services rendered in bringing about the incorporation, organization and operation of the Company and the carrying out of the duties of General Manager. The option was fully exercised. At this time Steven Low was an officer and director of the Company. After Supplementary Letters Patent dated the 5th day of August, 1966, were issued, the 3,000 preference shares were converted into 30,000 common shares without par value.

Franc. R. Joubin, the President and a director of the Company, is the President and major shareholder of Franc. R. Joubin & Associates Mining Geologists Limited.

Pursuant to a letter agreement (hereinafter referred to as the "Farm-out Agreement"), dated the 20th day of July, 1966, from the Company and Bralorne Petroleum Limited ("Bralorne"), a public company whose head office is located at 736 8th Avenue S.W., Calgary, Alberta, to Aquitaine Company of Canada Ltd.

("Aquitaine"), a public company whose head office is located at 550 6th Avenue S.W., Calgary, Alberta, Aquitaine earned an undivided 50% interest in all the exploratory oil and gas permits then owned by the Company in consideration of Aquitaine having carried out an exploratory program of core hole drilling and geophysical work on the permits at an aggregate cost of \$200,000.00, exclusive of charges for administrative salary overhead. In accordance with the terms of the Farm-out Agreement, upon Aquitaine earning the 50% undivided interest, it became the operator of the permits. The Farm-out Agreement provided that all technical data would be made available to the Company and Bralorne; that, if any party to the agreement within two years from the date of the agreement acquired any interest in any additional petroleum, natural gas, potash or oil shale or other mineral rights within the boundary of the area delineated (referred to as the "area of mutual interest") in the Farm-out Agreement, such person would offer to the other parties the right to participate in the ratio of their interest in the Farm-out Agreement.

The exploratory program carried out by Aquitaine under the Farm-out Agreement consisted in the doing of seismographic work along the Manitoba and Ontario shore line of Hudson Bay and the drilling of a deep test well (Sogepet-Aquit-Kaska No. 1) near the mouth of the Kaskattama River about eighty miles east of York Factory, Manitoba, to a depth of 2,880 feet.

The work credits established as a result of the exploratory program were applied first to the extent necessary to permit the return of the existing work deposits made by the Company and, second, to the extent necessary to permit the pro rata return of further work deposits to the parties who had paid same.

Bralorne earned an undivided 20% interest in all exploratory oil and gas permits then owned by the Company by way of commission for having negotiated the Farm-out Agreement. When Aquitaine earned its 50% interest in the said permits, the interest of Bralorne became a 10% undivided interest, and the interest of the Company became a 40% undivided interest.

II. Aquitaine, acting for itself and its associates, of which this Company was one, acquired the following oil and gas exploratory permits, mineral concessions and licence of occupation —

(a) In October and November, 1966, and January, 1967, Aquitaine obtained from the Department of Mines and Natural Resources for the Province of Manitoba twenty-three on-shore exploratory oil and gas permits, being permits Nos. 13 to 35, inclusive, in the Hudson Bay Basin, aggregating 1,045,384 acres, at a cost of \$5,750.00 for permit fees and \$52,269.20 for work deposits for the first eighteen months. The Company paid \$2,300.00 and \$20,907.68 as its 40% share of the permit fees and work deposits respectively.

(b) In November, 1966, Sogepet acquired from the Department of Energy, Mines and Resources of Canada off-shore exploratory oil and gas permit No. W3001, comprising approximately 50,300 acres in the Hudson Bay Basin. This permit was assigned to Aquitaine in July, 1968. The Company paid \$100.00 and \$1,006.00 as its 40% share of the permit fees and work deposits respectively.

By an agreement dated the 10th day of December, 1966, the Company sold to each of Teck Corporation Limited ("Teck"), whose executive office is located at Suite 4900, Toronto-Dominion Centre, Toronto, Ontario, and to Western Decalta Petroleum Limited ("Western Decalta"), whose head office is located at 630 6th Avenue S.W., Calgary, Alberta, both companies being public companies, an undivided 5% interest in and to all the oil and gas permits in which the Company had a 40% interest, for and in consideration of the sum of \$50,000.00 for each 5% interest. Each 5% interest was free and clear of any cost or assessment to the date of the agreement and all costs of exploration incurred by Aquitaine pursuant to the Farm-out Agreement, and each included a 5% interest in the work credits established with the respective governments. Teck and Western Decalta were to bear their proportionate 5% share of expenditures only after \$72,000.00 of the total \$100,000.00 received by the Company from the sale of the said 5% interests had been spent on further exploration and/or further land acquisition. The Parties to the agreement granted each other first rights of refusal should any of them wish to dispose of all or any part of their respective interests covered by the agreement.

(c) In October, 1967, Aquitaine acquired from Mill City Petroleums Limited, a public company whose head office is located at 736 8th Avenue S.W., Calgary, Alberta, twenty-eight off-shore exploratory oil and gas permits, issued by the Department of Northern Affairs and Natural Resources, Canada, and being permits Nos. W1756 to W1783, inclusive, in the Hudson Bay Basin, comprising approximately 1,848,905 acres. The Company paid \$1,750.00, being its 25% share for which it was then obligated, on account of permit fees. Work deposit moneys were not required inasmuch as the surplus of work credits from the earlier coastal seismic survey was applied to the work requirements of this acreage.

(d) In February, 1967, Aquitaine acquired from the Department of Energy, Mines and Resources, Canada, six off-shore exploratory oil and gas permits, being permits Nos. W3137 to W3142, inclusive, in the Hudson Bay Basin, aggregating 137,200 acres, at a cost of \$1,500.00 for permit fees and \$9,360.00 for work deposits. The Company paid \$4,344.00, being \$600.00 for permit fees and \$3,744.00 for work deposits, on account of its 40% share of the permit fees and work deposits.

(e) Aquitaine obtained from the Department of Mines for the Province of Ontario Licence of Occupation

No. 13911, dated the 1st day of May, 1967, whereby Aquitaine was given the right to search for, prospect and drill for oil and natural gas on approximately 986,560 acres of land in the District of Kenora (Patricia Portion) in the Province of Ontario for a period of three years from the 1st day of May, 1967, at an annual rental payable in advance of \$2,500.00 with the requirements that the licensee expend a minimum of \$75,000.00 during the term of the lease, at the rate of a minimum of \$25,000.00 yearly. Prior to the lease being issued, the licensee was required to deposit with the Minister of Mines a promissory note endorsed by one of Canada's chartered banks in the amount of \$25,000.00 to be returned upon the licensee proving expenditures for the first year as required by the Licence up to and including the amount of the deposit, and upon default of the licensee for such expenditures the said note would be forfeited to the Crown. Any amount spent in excess of the minimum requirements in any one year would apply as a credit on the following year's requirements. At any time prior to the expiration of the term the licensee could apply for and receive a boring permit for such operation or operations as may be required, subject to the regulations governing boring permits then in force. The Company paid its 40% share of the first year's rental amounting to \$1,000.00 and its 15% share of the second year's rental amounting to \$375.00.

By agreement dated the 13th day of June, 1967, the Company sold to Texas Gulf Sulphur Company Inc. ("Gulf"), whose executive office is at 1970 - 717 Seventh Avenue S.W., Calgary, Alberta, a public company incorporated under the laws of the State of Texas, an undivided 15% working interest in all the permits in which the Company had an interest for and in consideration of the sum of \$232,500.00, free and clear of any assessment to the date of the agreement in respect of filing fees, work deposits, exploration thereon of whatever kind and nature, and any other costs and expenses incidental to the acquisition, exploration or maintenance thereof, and free and clear of any encumbrances other than those inherent in the respective regulations pursuant to which the permits were issued. The agreement further provided that Gulf assume no obligation for certain work already approved by the Company and its associates, but that it would be assessed on a pro rata basis for its share of various unperformed and intended seismic operations and thereafter would be responsible for its share of new work; that Gulf would have no interest in any returnable work credit deposits except for those toward which it had contributed its pro rata proportional costs; that, in the event exploratory permits or other rights were acquired in the "area of mutual interest" referred to in the Farm-out Agreement, Gulf had the right to acquire its pro rata interest thereon. The Company was granted a first right of refusal should Gulf wish to dispose of all or any part of its interests arising under the agreement. The Company also granted Gulf a similar first right of refusal should the Company wish to dispose of all or any part of its interests.

The Company agreed to pay a commission to R. D. Johnson & Associates Ltd., Main Floor, Guinness House, Calgary, Alberta, of \$15,000.00 for negotiating the above transaction, which commission was settled by payment of \$7,500.00 in cash and the issuance of 7,500 common shares at \$1.00 per share.

(f) In November, 1967, Aquitaine obtained from the Department of Energy, Mines and Resources, Canada, two off-shore exploratory oil and gas permits, being permits Nos. W3427 and W3428, in the Hudson Bay Basin, aggregating 3,120 acres, at a total cost of \$500.00 for permit fees and \$156.00 for work deposits, of which the Company paid its 15% share.

(g) In February, 1968, Aquitaine acquired from the Department of Energy, Mines and Resources, Canada, through competitive tender at Crown sale, twenty-two off-shore exploratory oil and gas permits, being permits Nos. W3438 to W3459, inclusive, in the Hudson Bay Basin, aggregating 1,375,252 acres, at a total cost of \$5,500.00, and work deposits of \$68,762.60, the normal work deposits and \$70,300.00 under a work bonus proposal, which latter two sums are returnable upon required work performance. The work deposits and the work bonus requirements were satisfied by the delivery of promissory notes signed by Aquitaine. In the event of default in work performance, the Company will be liable for its 15% share of the notes. The Company paid its 15% share of the \$5,500.00 cash payment. These permits cover the area as was covered by the permits which the Company surrendered as described in paragraph I. (a).

(h) In October, 1968, Aquitaine acquired from the Department of Energy, Mines and Resources, Canada, eight off-shore exploratory oil and gas permits Nos. W4236 to W4243, inclusive, in the Hudson Bay Basin, aggregating 571,024 acres, at a total cost of \$2,000.00 for permit fees, of which the Company paid its 15% share. The work deposits of \$28,551.20 were satisfied by Aquitaine giving its promissory note for this amount. In the event of default in work performance, the Company will be liable for 15% of the amount of such note.

Permits issued by the Federal Department of Energy, Mines and Resources or by its predecessor The Department of Northern Affairs and Natural Resources give the permittee the exclusive right for a period of six years to carry out exploration and development work on the lands comprising the permits subject to the Canada Oil and Gas Land Regulations. Subject also to the Regulations, permits may be renewed for six succeeding periods of one year each; moneys paid as a work deposit are returnable to the permittee if required working conditions are met; and the permittee has the exclusive option to obtain oil and gas leases from lands comprising the permit subject to payment of prescribed fees and royalties.

Permits issued by the Department of Mines and Natural Resources of the Province of Manitoba give the permittee the exclusive right for a period of four years to carry out exploration and development work on the lands comprising the permits, subject to Regulations made under The Mines Act (Manitoba). Subject also to

Regulations, permits may be renewed for six succeeding periods of one year each; moneys paid as a work deposit are returnable to the permittee if required work conditions are met; and the permittee has the exclusive option to obtain oil and gas leases from the lands comprising the permits, all subject to payment of prescribed fees and royalties.

III. In November, 1968, Aquitaine, acting for itself as to a 75% interest and the Company as to a 25% interest, acquired from The Department of Mines for the Province of Manitoba Mineral Reservations 47 to 50, inclusive, each dated the 1st day of November, 1968, comprising approximately 414,720 acres in the Churchill Mining Division of The Pas Mining District, Province of Manitoba, pursuant to which Aquitaine was given the exclusive right for a period of eighteen months to conduct thereon operations or examinations for the purpose of ascertaining the geology of the area and/or conducting geological operations relative to sub-surface geology. The cost of acquiring these Reservations was \$1,000.00 for application fees, of which the Company paid its 25% share, and \$103,680.00 for deposit fees. Aquitaine satisfied this deposit requirement by giving to the Government its promissory note in the amount of \$103,680.00. If payment of the note was enforced, the Company would be obligated to Aquitaine for its 25% share of any payment made.

The Company spent a total of \$14,982.80 in the year 1968 as its share of the cost of the carrying out of geophysical and geochemical surveys of the areas, which resulted in the acquisition of the mineral reservations now owned.

IV. Franc. R. Joubin has acquired the following oil and gas exploratory permits comprising acreage in the Northern region of Hudson Bay:

<u>From Whom Obtained</u>	<u>Nos. of Permits</u>	<u>Acreage</u>	<u>Deposits</u>	<u>Permit Fees</u>
Department of Energy, Mines and Resources, Canada	W4276 to W4287 inclusive	685,944	\$34,297.20	\$3,000.00
Department of Indian Affairs and Northern Development, Canada	6138 to 6143 inclusive	340,980	17,049.00	1,500.00
	TOTAL	1,026,924	\$51,346.20	\$4,500.00

Franc. R. Joubin has agreed with Texas Gulf Sulphur, Canadian Homestead Oils Limited and Teck Corporation Limited, which collectively hold oil and gas exploratory permits in the same area totalling 4,040,478 acres, to pool his acreage with theirs and to take an undivided 20% interest in the total acreage.

By agreement dated the 21st day of January, 1969, Franc. R. Joubin has granted to the Company an option to purchase all of the above permits, subject to the above pooling agreement, good until April 30th, 1969, at the price which he paid for same, namely, \$70,546.72. It is the intention of the Company to exercise this option.

V. By an Order-in-Council dated the 4th day of November, 1968, and approved by the Lieutenant-Governor of the Province of Ontario, the Minister of Mines for the Province of Ontario has recommended that an off-shore exploratory licence covering 3,204,000 acres in the James Bay Lowlands in the Province of Ontario be approved in the name of Aquitaine.

Upon the licence being granted, same shall be for a term of three years at an annual rental of \$8,000.00 and shall give to the licensee the exclusive right to search for, prospect, drill and explore for natural gas and petroleum. The licensee must spend not less than \$80,000.00 each year and shall deposit with the Department of Mines cash or bearer bonds or a promissory note in the amount of \$80,000.00, which the Government will return upon submission of proof of the expenditure required in the first year.

Prior to the expiration of the licence the licensee shall be entitled to obtain one or more boring permits on the lands in the licence, subject to the regulations then in force.

When the licence is issued the Company will hold an undivided 15% interest in same and be responsible for 15% of annual rentals and 15% of all work deposits. The Company has paid \$1,200.00 as its share of the \$8,000.00 first year's annual rental.

Up until July 20th, 1966, the work done by the Company on the exploratory permits consisted of aerial magnetometer and seismic surveys along the coastal strip of Hudson Bay from York Factory to the Ontario border, confirming the presence of local sedimentary thicknesses of 3,000 feet or more upon the land mass permits and possible thicknesses of up to 5,000 feet on the near off-shore area.

This was followed by a reconnaissance geological survey around the southern, western and northern borders of Hudson Bay.

During 1964 and 1965 the Company continued further geological and seismic reconnaissance of the area,

which led to a decision to drill a "slim hole" well to a 3,000-foot depth to determine the stratigraphic section of the region. As of July, 1966, the Company had spent \$210,000.00 on the said oil and gas permits, excluding permit acquisition costs and administrative overhead.

At this time the Company made the Farm-out Agreement with Aquitaine, as hereinbefore referred to.

The well, known as Sogepet-Aquit-Kaska #1, was drilled in the summer of 1966 to a depth of 2,880 feet, when drilling was suspended due to operating problems.

Drilling was resumed in the summer of 1967 and the well bottomed at 2,941 feet, when "basement" was reached. The well results were considered highly encouraging because of the indicated stratigraphy, excellent porosity and oil staining.

During 1967 and 1968 detailed seismic surveys on the land mass and off-shore were continued. Also, during this period the Company, in association with the Aquitaine-Atlantic Richfield group, conducted a geological re-evaluation of the entire round-the-Bay coastal strip. Climax of this work was the correlated conclusion in September, 1968, that the Bay region was, in most theoretical respects, a promising oil exploration region. As a consequence, considerable additional land acquisition was undertaken by Aquitaine and its associates. The Company has neither surface nor underground plant and equipment.

OPERATOR'S AGREEMENT

The Company, Bralorne Petroleum Ltd., Aquitaine Company of Canada Ltd., French Petroleum Company of Canada Ltd., Sun Oil Company Limited, Teck Corporation Limited, Western Decalta Petroleum Limited, Elf Oil Exploration and Production Canada Ltd. and Texas Gulf Sulphur Company, being all of the companies which have interests in the oil and gas permits and the Licence of Occupation referred to in paragraphs I. and II. hereof, entered into an agreement dated the 13th day of June, 1968 ("the Operator's Agreement") whereby Aquitaine was appointed the Operator of the lands covered by the Operator's Agreement. The Operator's Agreement makes provision for the rules pertaining to lease selection; changing of the operator, obligations of the operator to forecast operations and to submit drilling information to non-operators; granting authority to operator to do certain things; obligations of operator to the non-operators; right of operator to charge each non-operator; obligation of non-operators; granting to operator of a lien on the interest of a defaulting non-operator in the lands or production therefrom; method of division of production; drilling of "obligation wells" and the right of election by non-operators and the effect of non-participation; abandonment of a well; right of any party to transfer its interest in the lands; surrender of any land; duration of agreement; method of giving notice; agreement that any operation thereunder not to be construed as creating a partnership; delays or suspensions of operations occasioned by force majeure; obligation of any party acquiring an interest in petroleum and natural gas rights within a defined area to offer the other parties to the Operator's Agreement the right to participate; the accounting procedure, the exploration, development and operating charges, basis of charges, disposal of material, basis of pricing material transferred and matters dealing with inventories are set out in a Schedule to the agreement.

Under the terms of the Operator's Agreement, except as otherwise provided, all parties, both operating and non-operating, bear all costs and expenses and own all leases, joint lands, wells, information, equipment pertaining thereto and all petroleum substances produced therefrom in undivided shares or participating interests. The participating interest of the Company is 15%. Provision is made for alteration of participating interests in the event of non-participation in the drilling of an adjustment well, being a well drilled outside a well protection block, which is defined as a block of not more than four laterally contiguous quarter-grid areas on one of which an adjustment well has been drilled. If at the time of designation of a well protection block, as provided in the agreement, a party has an interest in lands part of which lie within the well protection block, the participating interest of such party in such part is determined in accordance with a formula whereby the participating interest is directly related to the expenditures actually borne or agreed to be borne by a party and the expenditures which would have been incurred if it had fully participated. The joint lands are to be operated by Aquitaine which is to carry out all operations necessary for the exploration, development and maintenance of the joint lands for the production of petroleum substances for the joint account. Expenditures incurred for the joint account are charged to the parties in proportion to their participating interests. The operator cannot conduct certain geological or geophysical operations or embark on a project or undertaking, the complete cost of which will be in excess of \$10,000.00, without prior written approval of non-operators, save only in the case of emergency.

The parties to the agreement may conduct independent operations or participate in operations conducted independently by another party, but there is no obligation to so participate and a non-participant's interest in the joint property on which such work is carried out is not lost. Those electing to participate contribute to the cost of the program in proportion to their participating interests and are entitled, out of the proceeds of production, to recover an amount equal to the cost of the work multiplied by a factor not exceeding 10 which is equal to 1 plus the distance in complete half-miles between a well drilled in accordance with the foregoing and the nearest other well capable of production in paying quantities at the time of commencement of the drilling of such proposed well plus 100% of the operating and lifting costs and expenses.

If a well is drilled pursuant to the requirements of any leases or law, then if a party does not participate in the cost of drilling same, it shall lose its interest in so much of the joint lands as would have been lost or forfeited if the well had not been drilled.

Since execution of the Operator's Agreement French Petroleum Company of Canada Limited has sold its interest to Camerina Oil & Gas Limited, who, in turn, sold one-half of its acquired interest to Canadian Fina Oil Limited.

The following is a summary of the report of J. C. Sproule, P.Geol., and J. R. Chilton, P.Geol., of J. C. Sproule and Associates Ltd., 1009 Fourth Avenue S.W., Calgary, Alberta, on the exploratory permits, dated the 31st day of October, 1968 —

The properties concerned are relatively unexplored, but there is evidence that an adequate stratigraphic section and structural anomalies, which could form structural traps, are present. They consider that the general area is promising and that continued exploration is justified.

The mining properties are located in northern Manitoba and appear to be in a favourable position for possible mineralization.

All of the properties are held in partnership with substantial companies and aggressive exploration programs are planned. The Company estimates that its share of the costs will amount to approximately \$500,000.00 for each of the years 1969 and 1970. This expenditure appears to be justified.

The P. & N. G. properties of the Company have been evaluated after taking into consideration all known pertinent factors. These include geological section and prospective producing zones, structure, terrain and accessibility, access to markets, legal and operating status of the holdings, etc.

The Company will have, assuming current applications are approved and all options are exercised, a working interest in 15,321,253 gross acres of P. & N. G. properties, or 2,551,509 net acres, which they have evaluated at \$1,465,109.00.

The mineral properties of the Company comprise 400,000 gross acres or 100,000 net acres and have been assigned a value of \$32,000.00.

They estimate that the total value of the Company's properties concerned is \$1,497,109.00. This figure is presented as a value to the Company rather than a market value.

The full report of J. S. Sproule and J. R. Chilton has been filed with and is available for inspection by the public at the office of the Ontario Securities Commission, 123 Edward Street, Toronto, Ontario.

CAPITALIZATION

<u>Description of Security</u>	<u>Amount Authorized</u>	<u>Amount outstanding as of Dec. 31, 1968 and as of the date of this Prospectus</u>	<u>Amount outstanding if all securities being issued are sold</u>
Common Stock	2,000,000	623,553 (3)	1,373,553 (1)
No Par Value		(\$414,228)	(\$1,414,228) (2)

- (1) This figure does not include the outstanding stock options referred to under the heading "Options to Purchase Shares Not Hereinbefore Set Forth".
- (2) This figure includes the proceeds from the sale of the 100,000 underwritten shares and the 350,000 shares held under option. There is no assurance that these optioned shares will be taken up and paid for.
- (3) This figure includes 150,000 common shares without par value issued to subscribers for preference shares in 1962, in consideration of such preference share subscriptions.

MANAGEMENT

Directors and Officers

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Franc. Renault Joubin, 500 Avenue Road, Toronto, Ontario	President and a Director	Consulting Geologist, self-employed.
Air Marshal Wilfred Austin Curtis, 619 Avenue Road, Toronto 7, Ontario	Vice-President and a Director	Executive; Chairman of Board of Directors of W. A. Curtis & Co. Limited, and a Director of several other companies.
John Joseph Jodrey, Hantsport, Nova Scotia	Director	Executive and Financier. President and Director, Minas Basin Pulp & Power Co. Ltd. and Hants Investments Limited.

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Joseph Sedgwick, Q.C., 158 Forest Hill Road, Toronto 7, Ontario	Director	Counsel for Messrs. Smith, Rae, Greer, Barristers and Solicitors.
Douglas Albert Berlis, Q.C., 1 Suncrest Drive, Don Mills, Ontario	Director	Senior Partner of Messrs. Edison, Aird & Berlis, Barristers and Solicitors.
William Franklin Mitchell, 50 Prince Arthur Avenue, Toronto, Ontario	Director	President of W. F. Mitchell & Company Limited, Industrial Consultants (for- merly 1962-1965 Executive Vice-Presi- dent, Shell Canada Limited).
Charlotte Annalise Hennig, 657 Balliol Street, Toronto, Ontario	Secretary-Treasurer	Secretary for the Company and for Franc. R. Joubin & Associates Mining Geologists Limited.

The directors and officers have held their present business or professional affiliation, as the case may be, for the past five years, except as described in connection with Mr. Mitchell, and except that prior to December, 1966, Miss Hennig was secretary for Dr. Franc. R. Joubin.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Since April, 1966, no director or senior officer has received any remuneration for his services save a fee of \$25 to each director for each meeting of directors he attended. During the fiscal year ended December 31st, 1968, the Company paid a monthly sum of \$300 to Franc. R. Joubin & Associates Mining Geologists Limited for office accommodation, secretarial and accounting services. The sums of \$350 and \$3,600 were paid out in 1968 for directors' fees and office administration, respectively. During the current fiscal year it is expected that directors will receive \$25 for each meeting attended and that senior officers' remuneration will consist only of monthly payments of \$300 to Franc. R. Joubin & Associates Mining Geologists Limited.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the past three years none of the senior officers or directors has had any interest, direct or indirect, in any of the transactions entered into or proposed to be entered into by the Company, save that Franc. R. Joubin, the President and a Director of the Company, and the owner of a 100% undivided interest in the permits referred to in sub-paragraph IV under the caption "Business", has given the Company the option to purchase his interest in the said permits for \$70,546.72, being the actual cost to him of such acquisition.

PRINCIPAL HOLDERS OF SHARES

The following table sets out as of the date of this prospectus the holders of more than 10% of the issued shares of the Company.

<u>Name and Address</u>	<u>Designation of of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class (1)</u>
J. L. Goad & Co. Ltd., 7 King Street East, Toronto, Ontario.	Common	Record	84,500*	13.55%
Hants Investments Limited, Hantsport, N.S.	Common	Record and Beneficial	69,000**	11.07%
Jayfran Enterprises Limited, Room 418, 170 Bloor Street West, Toronto, Ontario.	Common	Record and Beneficial	56,999***	9.14%
Franc. R. Joubin & Associates Mining Geologists Limited, 170 Bloor Street West, Toronto, Ontario.	Common	Record and Beneficial	36,500***	5.85%
Franc. Renault Joubin, 500 Avenue Road, Toronto, Ontario.	Common	Record and Beneficial	82,949	13.14%

(1) Calculated with reference to the 623,553 shares of the Company presently issued.

*Beneficially owned as follows:

James Barclay Goad, 112 Forest Hill Road, Toronto, Ontario.	30,000 shares
Donald Maclean Ross, 227 Lytton Blvd., Toronto 12, Ontario.	30,000 shares
Henry P. Cullen, Suite 1420, 360 St. James Street West, Montreal, Quebec.	14,500 shares
John Lawrence Goad, 34 Bayview Wood, Toronto 12, Ontario.	10,000 shares

**Hants Investments Limited is owned as to 50% each by Minas Basin Pulp & Power Co. Ltd. and Scotia Investments Ltd. Voting control of the latter two companies is believed to rest with J. J. Jodrey aforesaid, a Director of the Company, and his two sisters.

***Jayfran Enterprises Limited and Franc. R. Joubin & Associates Mining Geologists Limited are owned and controlled by Franc. R. Joubin, the President and a director of the Company.

SHAREHOLDINGS OF DIRECTORS AND SENIOR OFFICERS

Set forth below are particulars of shares of the Company beneficially owned by Directors and Senior Officers:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares, no par value	39.6% (1)

(1) Calculated with reference to the 623,553 shares of the Company presently issued.

PLAN OF DISTRIBUTION

By Agreement dated the 11th day of March, 1969, between the Company and Cochran, Murray & Co. Limited, 18 King Street East, Toronto, Ontario, as to 140,000 shares, A. E. Osler Company Limited, 335 Bay Street, Toronto, Ontario, as to 130,000 shares and Wisener and Partners Company Limited, 220 Bay Street, Toronto, Ontario as to 130,000 shares (the "Underwriters"), the Company agreed to sell and the Underwriters, as principals, agreed to purchase 400,000 shares of the Company at the price of \$1.00 per share, payable in cash within seven business days of the effective date against delivery of certificates representing said shares, the effective date being the date upon which this Prospectus is accepted for filing by the Ontario Securities Commission. In consideration of the Underwriters taking up and paying for the underwritten shares, the Company has granted to the Underwriters, in equal proportions, the exclusive right or option to purchase an additional 350,000 shares — 200,000 shares at \$1.50 per share, exercisable within six months of the effective date and 150,000 shares at \$2.00 per share, exercisable within twelve months of the effective date, subject to the following provisos:

- (a) if shares of the Company trade in the over-the-counter market in the Province of Ontario at a price of \$1.875 per share or more in transactions in which any of the Underwriters act as principal or agent, the Underwriters will within five business days after a total of 10,000 shares of the Company have so traded cause to be taken up and purchased all shares then outstanding under option to the Underwriters at \$1.50 per share; and
- (b) if shares of the Company trade in the over-the-counter market in the Province of Ontario at a price of \$2.50 per share or more in transactions in which any of the Underwriters act as principal or agent, the Underwriters will within five business days after a total of 10,000 shares of the Company have so traded cause to be taken up and purchased all shares then outstanding under option to the Underwriters at \$2.00 per share.

The obligations of the Underwriters are joint and several. There are no sub-underwriting or sub-option agreements.

Samuel Gordon Sharpe, a director of A. E. Osler Company Limited, one of the Underwriters, by agreement dated January 22nd, 1969, was granted an option of purchasing all or any part of 15,000 shares of the Company

at \$1.00 per share exercisable within two years of the effective date and conditional upon the Underwriters taking up the aforementioned firm commitment. This option was granted to him for negotiating the underwriting agreement.

DESCRIPTION OF CAPITAL STOCK

The capital stock is the Company's only class of stock. All shares issued by the Company rank equally as to dividends and there are no indentures or agreements limiting the payment of dividends. All shares issued by the Company rank equally as to voting power, one vote for each share. There are no conversion rights and there are no special liquidation rights, pre-emptive rights or subscription rights. The presently outstanding capital stock is not subject to any call or assessment and the shares offered hereby, when issued and sold as described in this Prospectus, will not be subject to any call or assessment.

USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the underwritten shares amounting to \$400,000.00, less the expenses of this offering estimated at \$15,000.00, will be used to pay for the Company's share of the proposed program of work for the year 1969. The estimate of the Company's share is as follows:—

(a) Drilling slim hole wells (3) and related surveys; Sogepet-Aquitaine Group	\$ 78,750.00
(b) Seismic and related surveys; near off-shore and James Bay Block; Sogepet-Aquitaine Group	45,000.00
(c) Gravimetric surveys; off-shore Sogepet alone	40,000.00
(d) Acreage acquisition; off-shore and land, as deposits, bonuses, work performance; Sogepet-Aquitaine and other groups	60,000.00
(e) Funds to exercise the option to purchase referred to in paragraph IV. under heading "Business", which funds include work deposits	75,000.00
(f) Mineral search; Sogepet-Aquitaine Group	50,000.00
(g) Legal, audit and engineering, prospectus preparation	15,000.00
(h) Corporate overhead, administration and engineering	36,250.00
Total Sogepet's share	<u>\$400,000.00</u>

If and when funds are available, the Company may acquire additional properties, or participating interests in oil, gas or mineral properties but moneys will not be expended for carrying out work thereon without an amendment to the Prospectus being filed with the Ontario Securities Commission if the securities of the Company are then in the course of primary distribution to the public.

DIVIDENDS

No dividends have been paid by the Company to date, nor is it anticipated that any will be paid in the foreseeable future.

AUDITORS

The auditors of the Company are Messrs. Laventhol Krekstein Horwath & Horwath, Chartered Accountants, 160 Bloor Street East, Toronto, Ontario.

STOCK REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario, is the Stock Registrar and Transfer Agent of the Company.

ESCROWED SHARES

At the request of the Underwriters arrangements have been made whereby a total of 461,462 shares of the Company have been placed in a voluntary escrow. The escrow has been constituted by depositing certificates for shares with Guaranty Trust Company of Canada, Toronto, Ontario, or by obtaining written undertakings satisfactory to the Underwriters. Such escrow is to be terminated within six months of the effective date or at such earlier time as a majority of the Underwriters may in writing direct.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act, 1966, (Ontario) provides, in effect, that where a security is offered to the public in the course of primary distribution, in certain events and subject to certain conditions,

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus offering such security is received or is deemed to be received by the purchaser or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, if the final prospectus and any amended final prospectus offering such security, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of ninety days from the later of the date of such contract or the date on which such final prospectus or amended final prospectus is received or is deemed to be received by the purchaser or his agent.

Reference is made to sections 63 and 64 of The Securities Act, 1966 (Ontario) for the complete text of the provisions under which the above-mentioned rights are conferred.

PROMOTERS

In 1962, Franc. R. Joubin, the President and a director of the Company, and Steven Low, 7 York Ridge Road, Willowdale, Ontario, were instrumental in causing the incorporation and organization of the Company and in acquiring for the Company the permits referred to in paragraph I. under the caption "Business" and, accordingly, may be deemed the original promoters of the Company. Certain shares were received by them, as more particularly disclosed under the said caption. In addition, Dr. Joubin and companies controlled by him have from time to time subscribed for shares. Steven Low now has no interest, direct or indirect, in the Company.

OPINIONS OF COUNSEL

All legal matters relating to the issue and sale of the shares offered by this Prospectus will be subject to the approval of Messrs. Manley, Grant, Armstrong & Camisso on behalf of the Company, and of Messrs. Salter, Reilly, Jamieson & Apple on behalf of the Underwriters.

OPTIONS TO PURCHASE SHARES

The following options to purchase shares in the Company which were granted as stock incentive options, are outstanding:

<u>Name and Address of Optionee</u>	<u>No. of Shares</u>	<u>Price per Share</u>	<u>Expiry Date of Option</u>	<u>Connection with the Company</u>
Wilfred A. Curtis, 619 Avenue Road, Toronto 7, Ontario	10,000	\$1.00	June 24, 1969	Vice-President and Director
Franc. R. Joubin, 500 Avenue Road, Toronto, Ontario	15,000	1.00	June 24, 1969	President and Director
Joseph Sedgwick, Q.C., 158 Forest Hill Road, Toronto 7, Ontario	5,000	1.00	June 24, 1969	Director

As referred to under the caption "Plan of Distribution" on page 8, Samuel Gordon Sharpe, 23 Glenallan Road, Toronto 12, Ontario, was granted an option of purchasing all or any part of 15,000 shares of the Company at \$1 per share, exercisable within two years of the effective date and conditional upon the Underwriters taking up the aforementioned firm commitment. There was no market for shares of the Company when any of the aforementioned options were granted.

PRIOR SALES

There have been no sales by the Company of shares of its capital stock during the past twelve months save that in March, 1968, 1,500 shares were sold to Ronald D. Johnson, 534 8th Avenue S.W., Calgary, Alberta, at 75 cents per share for the balance of an account for services rendered amounting to \$1,125.00 and in

September, 1968, 16,800 shares were sold to Franc. R. Joubin, the President and a director of the Company, at \$1.00 per share in settlement of the balance of an account owing of \$16,800.00 for advances made to the Company.

MATERIAL CONTRACTS

The following are the material contracts entered into by the Company during the preceding two years:

1. Memorandum of Agreement dated June 13th, 1967, between the Company and Texas Gulf Sulphur Company. The Company sold an undivided 15% working interest in the permits, permit lands and test well to Texas Gulf Sulphur Company for a consideration of \$232,500.00.

2. Agreement dated June 18th, 1968, being an operating agreement between group partners:

Aquitaine Company of Canada Ltd.	25%
Sogepet Limited	15%
Bralorne Petroleums Limited	10%
*French Petroleum Company of Canada Limited	12½%
Sun Oil Company Limited	5%
Teck Corporation Limited	5%
Western Decalta Petroleum Limited	5%
Elf Oil Exploration and Production Canada Limited	7½%
Texas Gulf Sulphur Company	15%

* Since execution of the above operating agreement French Petroleum Company of Canada Limited sold its 12½% interest to Camerina Oil & Gas Limited, which, in turn, sold one-half of its acquired interest, or 6¼%, to Canadian Fina Oil Limited.

3. By agreement dated the 21st day of January, 1969, Franc. R. Joubin has granted to the Company an option to purchase all of the permits, comprising 1,026,924 acres, which he has acquired in the northern region of Hudson Bay, subject to a pooling agreement with Texas Gulf Sulphur Company, Canadian Homestead Oils Limited and Teck Corporation Limited, good until April 30th, 1969, at the price of \$70,546.72, being the price which he paid for same.

4. Agreement dated January 22nd, 1969, between the Company and Samuel Gordon Sharpe, whereby Sharpe was granted an option to purchase all or any part of 15,000 shares of the Company at \$1.00 per share, exercisable within two years of the effective date and conditional upon the Underwriters taking up the firm commitment referred to under the heading "Plan of Distribution".

5. Agreement dated the 11th day of March, 1969, between the Company and Cochran, Murray & Co. Limited, A. E. Osler Company Limited and Wisener and Partners Company Limited (the "Underwriters"), whereby the Underwriters, as principals, agreed to purchase 400,000 shares of the Company at the price of \$1.00 per share, and in consideration of the Underwriters taking up and paying for the underwritten shares, the Company granted to the Underwriters, in equal proportions, the exclusive right or option to purchase an additional 350,000 shares — 200,000 shares at \$1.50 per share, and 150,000 shares at \$2.00 per share, all as more particularly described under the caption "Plan of Distribution".

AUDITORS' REPORT

To the Directors of
Sogepet Limited

We have examined the balance sheet of Sogepet Limited as at December 31, 1968 and the statements of deferred exploration and administrative expenditures, deficit, and source and application of funds for the five years ended December 31, 1964, 1965, 1966, 1967 and 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and its activities and the source and application of its funds for the five years ended December 31, 1964, 1965, 1966, 1967 and 1968, in accordance with generally accepted accounting principles consistently applied throughout the periods.

LAVENTHOL KREKSTEIN HORWATH & HORWATH,
Chartered Accountants.

January 18, 1969.

SOGEPET LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET — December 31, 1968

ASSETS

CURRENT:

Cash	\$	2,694	
Due from participant in joint ventures		2,559	
Miscellaneous receivables and advances		514	\$ 5,767

CAPITAL ASSETS (Notes 1, 2 and 3):

Interests in petroleum, natural gas and mineral acreage, at cost	19,793	
Well drilling and related costs	150,071	
Deferred exploration and administrative expenditures	535,162	

705,026

Less net proceeds from sale of interest in petroleum and natural gas permits	317,500	387,526
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Organization expenses		12,740
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\$ 406,033

LIABILITIES

CURRENT:

Accounts payable	\$	8,832
Contingent liability (Note 4)		

SHAREHOLDERS' EQUITY

CAPITAL (Notes 5 and 6):

Authorized:

2,000,000 Common shares without par value

Issued and fully paid:

623,553 shares \$ 414,228

Deficit	17,027	397,201
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\$ 406,033

See accompanying notes.

Approved on behalf of the Board of Directors:

“FRANC. R. JOUBIN”, (Director)

“D. A. BERLIS”, (Director)

SOGEPET LIMITED

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

Exploration expenditures:	Years Ended December 31,				
	1964	1965	1966	1967	1968
Petroleum and natural gas acreage:					
Geophysical survey and mosaic terrain analysis (see footnote below)	\$ —	\$ —	\$ —	\$ 394,555	\$ 787,137
Less participants' share	—	—	—	331,887	668,441
	—	—	—	62,668	118,696
Engineering and geological services	45,740	28,070	23,200	3,875	5,675
Aeromagnetic and seismic surveys	19,136	550	14,000	—	—
Travel and accommodation	4,747	2,622	1,700	1,437	356
Maps and assays	520	530	330	—	—
Supplies and small equipment	1,341	—	—	—	—
Telephone and telegraph	1,801	1,054	2,451	313	445
Licenses and fees	125	—	—	—	102
Miscellaneous	435	82	—	220	—
Engineer's fees and expenses in connection with investigation of property prospects	3,347	—	—	—	—
Loss on sale of fixed asset	—	—	—	264	—
Depreciation	—	—	180	—	—
	77,192	32,908	41,861	68,777	125,274
Mineral acreage:					
Regional investigation	—	—	—	8,812	12,511
Field salaries	—	—	—	—	16,250
Airborne geophysical survey	—	—	—	—	9,125
Travel	—	—	—	—	13,832
Camp supplies	—	—	—	—	5,904
Miscellaneous services and operator's overhead	—	—	—	—	14,820
	—	—	—	8,812	72,442
Less participant's share	—	—	—	7,490	55,583
	—	—	—	1,322	16,859
Total exploration expenditures	77,192	32,908	41,861	70,099	142,133
Add administrative expenditures, per schedule	11,630	18,522	16,154	6,902	9,792
Total expenditures for the year	88,822	51,430	58,015	77,001	151,925
Balance deferred at beginning of year	107,969	196,791	248,221	306,236	383,237
Balance deferred at end of year	\$ 196,791	\$ 248,221	\$ 306,236	\$ 383,237	\$ 535,162

See accompanying notes.

In addition to the expenditures incurred in oil exploration shown on this statement, the Company expended \$150,071 on well drilling and related costs which is shown as a separate item on the balance sheet.

SOGEPET LIMITED

STATEMENT OF DEFICIT

	Year Ended December 31				
	1964	1965	1966	1967	1968
Balance at beginning of year	\$ 100	\$ 100	\$ 1,250	\$ 11,350	\$ 14,546
Transfers during the year:					
Loss in sale of assets	—	100	—	1,115	—
Loss in sale of assets for operations	—	1,400	—	—	—
Transfer to other departments	—	—	—	—	178
Transferred to other departments	—	—	—	—	178
Balance at end of year	\$ 100	\$ 1,600	\$ 1,250	\$ 14,546	\$ 17,002

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year Ended December 31				
	1964	1965	1966	1967	1968
Source of funds:					
Sale of working assets	\$ 17,348	\$ 10,000	\$ 100,051	\$ 3,525	\$ 10,000
Sale of non-current assets for operations	—	1,400	—	1,115	—
Increase in working capital	1,000	—	5,000	—	5,000
Sale of interest in other companies for operations	—	—	5,000	—	5,000
Miscellaneous	—	—	1,000	200	—
Total source of funds	\$ 18,348	\$ 11,400	\$ 111,051	\$ 4,840	\$ 25,000
Application of funds:					
Expenditures for construction, acquisition, or purchase of property (including expenditures for acquiring land, construction of plant or sale of land, acquisition of other assets, and other expenditures for the year)	(1,000)	(1,400)	(5,000)	(1,115)	—
Acquisition of interest in other companies for operations	(1,000)	—	—	—	—
Other payments for the year	(1,000)	—	—	—	—
Increase (decrease) in working capital	(1,000)	—	(5,000)	—	—
Miscellaneous	(1,000)	—	—	—	—
Total application of funds	\$ (4,000)	\$ (1,400)	\$ (10,000)	\$ (1,115)	\$ (5,000)
Net increase (decrease) in working capital	\$ 14,348	\$ 12,800	\$ 101,051	\$ 3,725	\$ 20,000
Working capital, beginning of year	\$ 100	\$ 1,600	\$ 1,250	\$ 14,546	\$ 17,002
Working capital, end of year	\$ 15,448	\$ 14,400	\$ 112,301	\$ 18,271	\$ 37,002

SOGEPET LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENDITURES

	Year Ended December 31				
	1964	1965	1966	1967	1968
Office rent and administrative services	4,809	4,704	5,740	6,000	5,400
Officer's remuneration	—	10,000	—	—	—
Directors' fees	250	100	950	700	350
Legal and audit	1,980	965	8,090	2,186	3,732
Annual meeting expenses	—	—	—	261	431
Public relations and shareholders' information	—	—	—	—	1,623
Telephone and telegraph	1,565	514	72	797	435
Government fees and taxes	321	78	300	444	277
Office equipment rental	419	340	—	—	—
Depreciation	646	478	54	—	—
Travel and accommodation	1,442	265	—	212	291
Miscellaneous	1,008	463	66	306	167
Share issue expenses	743	—	666	325	222
Interest on loans	2,588	4,291	3,650	1,317	759
	<u>13,776</u>	<u>22,195</u>	<u>19,594</u>	<u>12,548</u>	<u>13,687</u>
Less sundry income, including profit on sale of fixed asset	4,146	3,673	3,440	5,646	3,895
	<u>\$ 9,630</u>	<u>\$ 18,522</u>	<u>\$ 16,154</u>	<u>\$ 6,902</u>	<u>\$ 9,792</u>

SOGEPET LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1968

1. PETROLEUM AND NATURAL GAS ACREAGE:

By a series of agreements entered into at various dates, Sogepet sold a total of 85% of its original interest in petroleum and natural gas acreage in the Hudson Bay Area for \$317,500 cash. As further consideration, one of the participants has expended \$200,000 on well drilling. Additional permits have been acquired, each participant contributing to the cost in the ratio of his interest.

The original farmout agreement having expired, the participants entered into an operating agreement on June 18, 1968, setting forth the terms under which all future joint operations on the lands shall be conducted. The participants in this agreement share costs and profits in the ratio of their respective interest, Sogepet's interest being 15%. The agreement provides for the dilution of interest of any participant who elects not to continue with the program.

To December 31, 1968, the joint venture has spent \$605,157 on well drilling and \$1,181,692 on geophysical surveys and mosaic terrain analysis of which Sogepet's share is \$150,071 and \$181,364 respectively.

2. MINERAL ACREAGE:

In 1967, the participants in the oil exploration venture conducted a general reconnaissance and investigation of the Manitoba lands mentioned in Note 1 for their mineral potential. After its completion in 1968, only two of the parties elected to continue the mineral search with additional ground and aerial geophysical studies as a result of which mineral reservations on approximately 414,720 acres in Northern Manitoba were obtained. Sogepet has a 25% interest in these mineral reservations.

3. OPTION TO PURCHASE INTEREST IN PETROLEUM AND NATURAL GAS ACREAGE:

By an agreement dated January 21, 1969 the company acquired an option to purchase an undivided 20% interest in 5,067,402 acres in North Hudson Bay area for \$70,546.72 exercisable on or before April 30, 1969.

4. CONTINGENT LIABILITY:

Aquitaine Company of Canada Limited, a participant, has satisfied certain work deposit requirements by depositing with the government agencies involved its own promissory notes totalling \$376,294. These notes will be returned to Aquitaine in amounts equal to the allowable expenditures made within various stipulated time limits.

Should Aquitaine have to make any payment on these notes due to insufficient work, Sogepet would be required to contribute its share up to a maximum of \$66,812.

5. CAPITAL STOCK:

The following is an analysis of the company's issued capital stock as at December 31, 1968:

	Shares	Amount
For cash	404,553	\$366,603.00
For services	69,000	40,125.00
In consideration for subscribing for preferred shares	150,000	7,500.00
	<u>623,553</u>	<u>\$414,228.00</u>

SOGE PET LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1968

During 1966, the company converted its authorized preferred share capital of 20,000 preferred shares with a par value of \$10 each into 200,000 common shares without par value.

At the time of conversion, the issued preferred share capital consisted of 18,000 shares, of which 15,000 shares had been issued for cash and 3,000 for services. The above analysis includes 180,000 common shares issued on the conversion — 150,000 for cash, 30,000 for services.

Certain directors have options to purchase 30,000 shares of capital stock at \$1 per share exercisable on or before June 24, 1969.

6. UNDERWRITING AGREEMENT:

Underwriters have agreed to purchase 400,000 shares of the company's capital stock at \$1 per share payable on the seventh business day following the date the Ontario Securities Commission accepts for filing a prospectus of the company (the "effective date").

In consideration of the firm purchase, the company granted the underwriters options to purchase all or any part of an additional 200,000 shares at \$1.50 per share and 150,000 shares at \$2.00 per share exercisable either within six and twelve months of the effective date respectively, with provision for earlier exercise under certain conditions.

In consideration of arranging the above financing, the company granted Mr. Samuel Gordon Sharpe an option to purchase 15,000 shares of its capital stock at \$1 per share exercisable within two years of the effective date of the underwriting agreement.

OTHER MATERIAL FACTS

There are no other material facts.

DATED the 17th day of March, 1969.

WE, the undersigned, hereby certify that the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

"FRANC. RENAULT JOUBIN"
Chief Executive Officer

"CHARLOTTE A. HENNIG"
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS:

"DOUGLAS A. BERLIS"
Director

"JOSEPH SEDGWICK"
Director

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 and the regulations thereunder.

UNDERWRITER-OPTIONEES:

COCHRAN, MURRAY & CO. LIMITED

A. E. OSLER COMPANY LIMITED

Per "MICHAEL CURRY"

Per "SAMUEL G. SHARPE"

WISENER AND PARTNERS COMPANY LIMITED

Per "A. RUYS DE PEREZ"

The following includes the names of all persons having an interest, directly or indirectly to the extent of not less than 5% in the capital of Cochran, Murray & Co. Limited:

D. K. Cassels, J. B. Cronyn, C. R. T. Cunningham, A. M. M. Curry, A. V. J. Higgs, J. B. Livingston, I. S. M. Mitchell, C. G. Sissons, A. M. Vansittart and Kenyon Securities Limited.

The following includes the names of all persons having an interest, directly or indirectly to the extent of not less than 5% in the capital of A. E. Osler Company Limited:

W. S. Dinnick, S. G. Sharpe, R. C. Lauber, B. A. Lee, W. H. Nelson and A. G. Keeley.

The following includes the names of all persons having an interest, directly or indirectly to the extent of not less than 5% in the capital of Wisener and Partners Company Limited:

F. G. Weller, R. A. Wisener, A. D. C. Ruys de Perez, B. M. Benitz, R. I. Hayden, G. M. Webster, T. A. W. Duncan and N. G. Van Nest.

AR20

May 15, 1969

MEMORANDUM

From M.E. Bogard *file*

Attention:

Financial analysts/Editors

Re:

SOGEPET LIMITED

Background information on Sogepet Limited

Initial thinking and planning for the large-scale petroleum search program now planned in and around Hudson Bay dates back to the early part of this decade.

After persistent investigation, Dr. Franc. R. Joubin, internationally-known geologist who developed the Blind River uranium field, advanced - with a petroleum geologist colleague, R. D. Johnson - the theory that the Hudson Bay region could contain great petroleum wealth, both off-shore and on-shore.

Dr. Joubin and five associates organized and largely financed Sogepet Limited which was incorporated as a private company in Ontario on August 16, 1962. Since then it has engaged in extensive field exploration, permit acquisition and property development, including the drilling of the first slim hole well in that region.

The combined studies of Sogepet and other companies, and various governmental agencies, have revealed considerable thicknesses of sediments in the Hudson Bay basin and, locally, in the lowlands to the south. The test well, drilled in 1967 on Sogepet permits, indicated the presence of favorable reservoir and source rocks, as well as oil staining.

Results of Sogepet's activities attracted important partners who now act as the "Sogepet-Aquitaine Group".

Since 1962, approximately \$10 million has been spent by the oil companies and several governments concerned, directly or indirectly, towards oil exploration. It is anticipated that an additional \$10 million will be spent during 1969 and 1970.

The entire Hudson Bay region, totalling about 130 million acres, has now been taken up under oil exploration permits by the industry. Over a score of companies are involved including leaders in the U.S., French and Belgian oil industry.

The following are the companies involved, as at April 1, 1969:

Atlantic Richfield Company; Aquitaine Company of Canada; Asamera Oil Corporation; Banner Oils (Trans-Canada Pipe Lines); Bralorne Petroleums; Camerina Oil and Gas; Canadian Industrial Gas and Oil; Canada Trust; Canadian Export Gas and Oil; City Savings and Trust; Citizens Pipeline Limited; Canadian Fina; Dome Petroleum; Elf Oil; Gem Petroleums Ltd.; Houston Oil; Kestrel Exploration; Northwest Oil; Phillips, Joe; Peyto Oils; Piper Mattawa; Petrol Oil and Gas; Siebens Oil

and Gas; Sogepet Limited; Syracuse Oils; Sunlite Oil Co.; Sulpetro of Canada Ltd.; Sun Oil; Texas Gulf Sulphur Co.; Teck Corporation; Thomas, E.P.; Transalta Oil & Gas; Trudel Minerals; Ulster Petroleum; World-Wide Energy; Western Land Services; Western Decalta; Yellowknife Bear Mines.

Sogepet Limited devotes its exploration efforts, for oil and minerals, solely to the Hudson Bay region. The company currently has participating interests in on-shore oil and gas permits in Manitoba; off-shore oil and gas permits in Hudson Bay; licence of occupation in Ontario for oil and gas; four geophysical reservations for minerals in Manitoba.

The Company

In August of 1966 Sogepet was converted to a public company. The first public offering of shares was made in March of 1969.

Sogepet's authorized capitalization is 2,000,000 shares. A total of 1,223,553 have been issued.

The recent public offering of 400,000 shares, to net \$1 per share to the company, was well received and an option on a block of 200,000 shares, to net \$1.50 per share, was exercised. A further option on 150,000 shares at \$2 net to treasury, held by the same underwriting group, composed of Cochran, Murray & Co. Limited, A.E. Osler Company Limited and Wisener and Partners Company Limited, was also exercised.

The \$1 million realized will provide adequate funds for Sogepet's participation in the 1969 and 1970 group programs.

Sogepet holds equities in three different operating groups, and an option in a fourth.

1. It has a 15% interest in its original property now totalling 10,253,851 acres. Associates in this group are: Aquitaine (the operator) 25%; Sogepet 15%; Texas Gulf Sulphur 15%; Bralorne Petroleum 10%; Elf Oil 7 1/2%; Camerina Oil 6 1/4%; Canadian Fina Oil 6 1/4%; Teck Corp. 5%; Western Decalta 5% and Sun Oil 5%.

2. Sogepet has a 20% equity in a group holding 5,067,502 acres. Group associates are: Texas Gulf Sulphur (the operator) 40%; Sogepet 20%; Canadian Homestead 20% and Teck Corp. 20%.

3. Sogepet also holds a 25% equity with the Aquitaine Company of Canada (75%) in four mineral reservation areas in northern Manitoba, covering about 414,720 acres.

4. Sogepet has an option to acquire a 20% interest in a 3,048,361-acre block of off-shore oil-gas permits in the Hudson Bay area. Other partners are Banner Petroleum Corp (a subsidiary of Trans-Canada Pipe Lines Ltd.), the operator; Teck Corp. and Asamera Oil Corp.

It is expected that 1969 and 1970 will be an active period for Sogepet and its four associate groups. Various geophysical surveys and several slim hole wells are planned. In addition, the Aquitaine-Sogepet mineral permits will receive attention.

The summer of 1969 will see the drilling of the first production scale well in the Bay Region. It will be on off-shore acreage held by Aquitaine and Atlantic Richfield, to the north-east and adjoining the main Sogepet-Aquitaine off-shore permit block.

Directors of Sogepet are: Dr. F. R. Joubin, president; Air Marshal W. A. Curtis, vice-president; J. J. Jodrey; J. Sedgwick, Q.C.; D. A. Berlis, Q.C.; W. F. Mitchell. Secretary-treasurer is Miss C. A. Hennig.

